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C O N F I D E N T I A L SECTION 01 OF 03 GUANGZHOU 000113

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STATE FOR EAP/CM, DRL

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TAGS: ELAB PGOV PHUM CH

SUBJECT: Is Dongguan the Key to Pearl River Delta Stability? Guangdong Labor Bureau Thinks So

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distribute 10 million handouts on migrant workers' rights; and

-- improve the transportation system and flow of information relating to the Chinese New Year migration.

Keeping Track of Worker Migration Patterns

¶5. (SBU) The Guangdong Labor Department is relatively confident in its estimates that, of the 10.25 million migrant workers who returned home during the Chinese New Year holiday, 8.5 million would return and would be supplemented by an additional 1.2 million first-time workers coming to Guangdong. When asked about the methodology used to account for the travelers, Ge said that, in addition to tracking the volume of train and bus tickets sold during the holiday travel season, the Labor Department interviewed migrant workers, observed passenger flow in train and bus stations and monitored attendance at job fairs. Data from labor bureau monitors working in 300 selected PRD enterprises and statistics reflecting the change in the number of social security fund participants were combined with anecdotal reports to arrive at the estimate, according to Ge.

¶6. (U) Guangdong Province has also increased the level of information sharing with labor-exporting provinces, especially Hunan, Sichuan, Jiangxi and Guangxi, which provide the bulk of migrant workers. Ge noted that one important factor was the provision of information regarding Guangdong's employment situation -- including cities, areas and companies looking for workers -- for other provinces to pass on to outgoing migrants.

Fewer Job Seekers Chasing Fewer Jobs

¶ 7. (C) The number of migrant workers returning to Shenzhen following the end of the Chinese New Year holidays is lower than last year, according to Shenzhen Spring Breeze Labor Dispute Service Director Zhang Zhiru, a longtime labor NGO contact of the Consulate. Zhang observed that the reduction in job seekers does not necessarily mean that finding work is easier, because there are also fewer job opportunities. In fact, according to Ge, the labor bureau estimates that the supply and demand ratio currently stands at 0.95, meaning that job seekers outnumber vacancies, a change from last year's situation of an overabundance of vacancies. Zhang said that the demand for office workers in Shenzhen is currently greater than the demand for unskilled workers, and that factories in the city are offering lower wages than last year.

¶ 8. (C) Media reports highlighting the problem of migrants being taken advantage of by illegal job agencies in Shenzhen have left legitimate job agencies there underutilized, according to Raindrop Action Labor Hotline Director Huang Zhiming. Huang also said that there appear to be fewer migrant workers in the city's streets than last year. Zeng Feiyang, director of the Guangzhou-based Panyu Migrant Workers Documentation Center, said that although numbers of both job seekers and job opportunities have decreased, more migrant workers would continue to come to Guangdong well into March -- a prediction also made separately by Huang.

A Failure to Communicate

¶ 9. (C) All of our labor NGO contacts remained concerned about what they viewed as increasingly lax government enforcement of labor law violations and a predisposition to favor companies over workers. Huang said that the local labor bureau "turned a deaf ear" to workers claiming that their employer had stopped paying their social security contributions. Zhang echoed this, saying

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that Shenzhen labor authorities had changed their attitude toward handling labor disputes, now giving clear preference to employers when ruling on arbitrations.

¶ 10. (SBU) The failure of Labor bureaus to communicate policy changes with unregistered labor NGOs may be the cause of some of this consternation. Noting that the Guangdong government had implemented new measures to help enterprises survive the difficult economic conditions, Guangdong Labor Bureau's Ge said that enterprises experiencing financial difficulties are now allowed to suspend payment of social security funds for workers for up to one year. In addition, unemployment insurance, which enterprises are required to pay for workers, has been reduced from three percent to two percent, said Ge.

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